GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:260
ANSWERED ON:09.12.2005
ENHANCEMENT OF ALLOCATION TO STATES
Chakraborty Shri Ajay

Will the Minister of FINANCE be pleased to state:

(a) the allocation made by the 12lh Finance Commission,sector-wise and State-wise;

(b) whether any State Government has requested the Union Governmenl (or enhancement of the allocations ;

(c) if so, the details thereof; and

(d) the reaction of the Government thereto?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE SHRI P. CHIDAMBARAM

(a)to(d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF LOK SABHA STARRED QUESTION NO. 260 FOR ANSWER ON DECEMBER 9, 2005, BY SHRI AJOY CHAKRABORTY. REGARDING ENHANCEMENT OF ALLOCATION TO STATES.

(a): A Statement indicating State-wise and sector-wise allocations recommended by the Twelfth Finance Commission (TFC) for the period 2005-10 is annexed.

(b) : Government of Sikkim had requested for enhancement of their share of Non-Plan Revenue Deficit Grant.

(c): State Government had pointed out that TFC has recommended Non-Plan Revenue Deficit Grant of only Rs.188.67 crore as against Rs.840.58 crore by Eleventh Finance Commission (EFC). The lesser grant, the State had contended, is due to over-estimation of revenue under Sales Tax and State Lotteries and under-estimation of revenue expenditure by excluding total departmental expenditure on power and transport and low growth of salary expenditure by the TFC. State Government had requested for restoration of Non-Plan grants of the State to at least the level provided by the EFC.

(d) : Finance Commission is a Constitutional body and has always been expected to take an objective view of the Centre`s and State`s finances and make its recommendations on the Terms of Reference assigned to it. The Commission`s recommendations are based on detailed assessment of the financial position of Central and State Governments. It has been an accepted convention that recommendations of the Finance Commission are accepted without any changes by the Centre. In keeping with this convention, Government of India accepted the recommendations of the Twelfth Finance Commission in full. State Government has been informed that their request cannot be acceded to. However, all genuine problems pertaining to State`s finances are being addressed sympathetically even outside the TFC report`s framework.